

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSC-05 TRSE-00 OMB-01 /055 W
-----082280 061208Z /50

R 060816Z JUN 78

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC 3935

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EO 11652: NA

TAGS: EAIR, GH

SUBJ: VISITING PANAM EXECUTIVE CONCERNED OVER FUTURE OPERATIONS

REF: ACCRA 4087

1. SUMMARY. TWO PANAM EXECUTIVES WHO VISITED GHANA JUNE 1 AND 2 HAVE EXPRESSED PRIVATELY TO US THEIR CONCERN THAT CONTINUING INABILITY TO REMIT TICKET SALES PROCEEDS COULD LEAD TO A DECISION TO CEASE OPERATIONS IN GHANA. WE REMAIN HOPEFUL THAT SENIOR GOG OFFICIALS WOULD ACT IN TIME TO PREVENT SUCH A PULL OUT BY PANAM. END SUMMARY

2. WALTER ELSAESSER, PANAM VICE PRESIDENT, ATLANTIC DIVISION (RESIDENT IN LONDON) AND LOUIS BERMAN, AFRICA REGIONAL MANAGING DIRECTOR (ABIDJAN) CALLED AT THE EMBASSY JUNE 2 AS PART OF THEIR VISIT TO GHANA TO REVIEW FIRST-HAND THE REMITTANCE PROBLEM (REFTEL AND PREVIOUS).

3. AT PRESENT PANAM IS OWED ABOUT DLRS 3 MILLION IN UNREMITTED PROCEEDS FROM TICKET SALES IN CEDIS (LOCAL MONEY). NO PROCEEDS HAVE BEEN REMITTED SINCE JANUARY 1978. BY MID-JULY, AT THE LATEST, PANAM WILL HAVE TO DECIDE WHETHER OR NOT TO INVEST IN NEW AIRPORT EQUIPMENT
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TO HANDLE BOEING 747S. THE CHANGEOVER FROM 707S IS SCHEDULED FOR END-1978.

4. PANAM'S CHOICE IS DIFFICULT. THERE IS LITTLE MORE THAT CAN BE DONE TO LIMIT ACCEPTANCE OF CEDIS WITHOUT GOING OVER ENTIRELY TO SALES FOR DOLLARS. THIS WOULD INVOLVE A REFUSAL ABROAD TO ACCEPT GHANA AIRWAYS TICKETS

FOR ONWARD JOURNEYS (SAY, FROM LONDON, WHICH GHANA AIRWAYS SERVES). TELLING A GOVERNMENT'S NATIONAL AIRLINE THAT YOU WON'T HONOR ITS TICKETS IS VIRTUALLY TANTAMOUNT TO PULLING OUT ALTOGETHER, MR. ELSAESSER NOTED.

5. A COMPLETE PULL-OUT IS, HOWEVER, A GENUINE POSSIBILITY. PANAM CANNOT OPERATE INDEFINITELY IN GHANA WITH PAYMENT IN INCONVERTIBLE CEDIS. BEFORE TAKING ANY SUCH DECISION, SENIOR PANAM EXECUTIVES WOULD SEEK AN APPOINTMENT WITH THE HEAD OF STATE TO EXPLAIN THEIR POSITION AND TO SEEK HIS UNDERSTANDING OF THEIR PROBLEMS.

6. WE OFFERED PANAM THE FOLLOWING JUDGMENTS AND ADVICE. (A) REMITTANCE BACKLOG. WE DESCRIBED OUR MAY 19 MEETING WITH COMMISSIONER APPIAH AND RECALLED HIS ASSURANCE THAT THE BACKLOG WOULD BE "SUBSTANTIALLY REDUCED" IN THE NEXT FEW MONTHS (ACCRA 4087).

(B) OVERALL ECONOMIC OUTLOOK. THE GOG MIGHT CHANGE ITS ECONOMIC POLICIES IN THE NEXT SIX WEEKS. WE UNDERSTOOD FROM THE FINANCE COMMISSIONER THAT SUCH DECISIONS, IF TAKEN, WOULD IN LARGE MEASURE BE REFLECTED IN THE BUDGET, TO BE ANNOUNCED BY JULY 15.

(C) ACCORDINGLY, WE SUGGESTED PANAM DELAY A DECISION ON BOEING 747 EQUIPMENT UNTIL MID-JULY TO SEE WHAT POLICY LIMITED OFFICIAL USE

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CHANGES THE BUDGET MIGHT BRING. WE WOULD BE VERY RELUCTANT TO SEE PANAM CEASE OPERATING TO GHANA. HOWEVER, IF GOG POLICIES WERE NOT SIGNIFICANTLY ALTERED BY MID JULY, WE COULD NOT IN GOOD CONSCIENCE RECOMMEND THAT PANAM INVEST FUNDS IN GHANA, I.E., TO BRING IN 747 EQUIPMENT. SMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ACCRA04523
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780235-1190
Format: TEL
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780694/aaaadcni.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b6256e91-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 ACCRA 4087
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2483916
Secure: OPEN
Status: NATIVE
Subject: VISITING PANAM EXECUTIVE CONCERNED OVER FUTURE OPERATIONS
TAGS: EAIR, GH, PANAM
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b6256e91-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014